

# Financial Aid News

## WASHINGTON HIGHER EDUCATION COORDINATING BOARD

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### EOG has funds remaining for 2003-04 awards

The Educational Opportunity Grant (EOG) program is continuing to award students who plan to transfer to a four-year college or university during winter or spring terms. Board staff last month notified EOG program administrators at community colleges and participating four-year schools that there is enough EOG money to help 200 more students.

The program provides renewable \$2,500-a-year grants to financially needy placebound Washington residents as an incentive to complete their four-year degree at eligible colleges. To qualify, students must have an associate of arts or science degree or have achieved junior standing by earning transferable credits.

Staff expect to see more EOG applications than in previous years because of two changes the 2003 Legislature made to the program. Students residing in all 39 counties in the state may now apply for the award — up from 13 counties in previous years. They may also now use the award at University of Washington and Washington State University branch campuses.

You can request EOG promotional materials from Dawn Cypriano at [dawnc@hecb.wa.gov](mailto:dawnc@hecb.wa.gov). EOG applications for the 2003-04 and 2004-05 academic years are available on the board's [EOG Web site](#).

## **Funding available for community scholarships**

Applications are now available for a program that helps Washington students attend college while encouraging community groups to raise money for scholarships.

The Community Scholarship Matching Grant, administered by the board, provides grants of \$2,000 to local non-profit groups that raise at least the same amount for college scholarships through their own fund-raising initiatives. Established by the Legislature in 1989, the program now provides \$245,000 in grants to about 125 community scholarship organizations each year.

State legislation gives preference to organizations that affiliate with Dollars for Scholars, a national network of hundreds of community scholarship foundations across the country.

Earlier this year, the program was awarded the National Trustees' Award from Scholarship America – the first time a state government has received the honor.

Ruta Fanning, HECB interim executive director, said that leveraging local support for college costs can help fill the growing gap between college costs that families must pay and the financial help from colleges and other means of state support.

"The Community Scholarship Matching Grant program is a real partnership between the state and local communities," said Fanning. "During these tough economic times, programs such as this one are more important than ever."

Community-based 501 (C)(3) organizations are eligible to apply for the matching grants, and applications are due April 15, 2004. Application materials are available from Linda Langan at [lindala@hecb.wa.gov](mailto:lindala@hecb.wa.gov), (360) 753-7861. For more information about the program, visit the board's [Community Scholarship Matching Grants Web site](#).

## **Passage of federal spending bill unlikely until January**

After scrambling to pass a landmark Medicare bill, Congress adjourned for Thanksgiving before passing a \$373 billion spending package. The omnibus spending bill includes funding for 11 cabinet-level departments and numerous federal agencies — including the Department of Education.

Congressional negotiators and the White House resolved their remaining differences on the spending plan on Nov. 25, but neither the House nor the Senate took the measure up for a floor vote before lawmakers went home for the holiday.

A number of lawmakers — mostly Democrats and a handful of Republicans — are opposed to late changes added by the White House, including a loosening of television station ownership rules, changes in overtime pay regulations, and plans to hand some government work to private contractors.

Spending on education does not appear to be a sticking point. The bill includes a \$2.9 billion increase for the Department of Education, for a total of \$56 billion. The maximum Pell Grant would remain at the current level of \$4,050.

Congress will take the measure up again on Dec. 8, and House leaders are optimistic it will pass in that chamber. But Senate Appropriations Chairman Ted Stevens (R-Alaska) told *The New York Times* that the bill was unlikely to pass in the Senate before January when the next term of Congress begins.

Senate rules would allow opponents to delay action on the bill unless supporters can find at least 60 votes to bring the measure to the floor. Stevens said finding those 60 votes would be “pretty hard.”

The omnibus appropriations bill funds government operations for the fiscal year that began Oct. 1. Without formal spending legislation in place, Congress and the White House have temporarily funded federal agencies through January.

### Lawmakers agree to halt change in aid formula

Budget negotiators in Congress have agreed to prevent the Department of Education from implementing a controversial change to the formula the government uses to calculate student aid eligibility.

According to budget officials at the department, 84,000 current Pell Grant recipients would have been ineligible for the grant in the 2004-05 academic year if the change went into effect. College and financial aid lobbyists estimated that the change would also reduce overall eligibility for need-based aid by up to \$10 billion annually.

In May, the department announced it was making a routine update of the state and local tax data used to calculate what families could afford to pay toward college costs. College and student advocates argued that the new tax figures — taken from 2000 Internal Revenue Service data — was outdated and did not accurately reflect the tax burdens of families after the downturn of the economy.

The Senate passed legislation to halt the formula change in September. In fashioning a compromise spending plan, negotiators from both houses agreed to keep the department from making the update at least through the 2004-05 award year.

## Democrats offer alternative to Republican college affordability proposal

Congressional Democrats have introduced legislation to combat rising college costs. One bill proposes a \$15 billion package of increases in financial aid and tax relief. Another bill would penalize states that cut funds to public colleges too steeply; states that cut support by more than 10 percent a year would lose eligibility for new financial aid.

The measure, in part at least, appears to be a direct response to the "Affordability in Higher Education Act," proposed by House Republicans and sponsored by Rep. Howard "Buck" McKeon (R-Calif.). McKeon calls for punishing colleges that raise tuition too quickly by reducing their eligibility for student aid.

The Democrats' bill would increase the maximum Pell Grant from \$4,050 to \$4,500 and increase funds for campus-based programs such as College Work Study and the Supplemental Educational Opportunity Grant. It would also double the Hope Scholarship tax credit to \$3,000 and allow low-income families to take the credit as a tax refund.

The Democrats also took aim at skyrocketing tuition, but laid the blame on states — not institutions — for cutting public support of colleges and universities. Under the proposal, state legislatures would have to weigh the fiscal benefit of reducing state support against the possibility of lost aid for needy students.

Democrats introduced the measure a week after the College Board released a [new survey](#) showing that tuition had risen faster in 2003-04 than in the past three decades — about 14 percent more than in 2002-03 at public two- and four-year colleges across the nation. (The survey also found that grant aid grew at a faster rate than tuition.)

The Democrats' proposal is online: [Democratic staff — Committee on Education and the Workforce](#). The Republican plan can be found at: [Education issues — Committee on Education and the Workforce](#).

## Tax credits do not increase access or choice for needy students, study finds

The Hope and Lifetime Learning tax credits have not increased access to higher education for low-income students, according to a study by Harvard economist Bridget Terry Long. Nor have the incentives provided students with greater choice.

After analyzing Internal Revenue Service data and individual tax returns, Long concluded that low-income families took less advantage of the tax reductions, and gained the least financial benefit from them. The other deductions that families with low-incomes typically receive already reduce or eliminate their tax

liability, Long said. As a result, "the people who need the aid the most are not eligible for it."

The tax credits also encouraged some public colleges to raise tuition, Long said, including schools in Minnesota, Arkansas, and California.

You can download the report online: [The impact of federal tax credits for higher education expenses.](#)